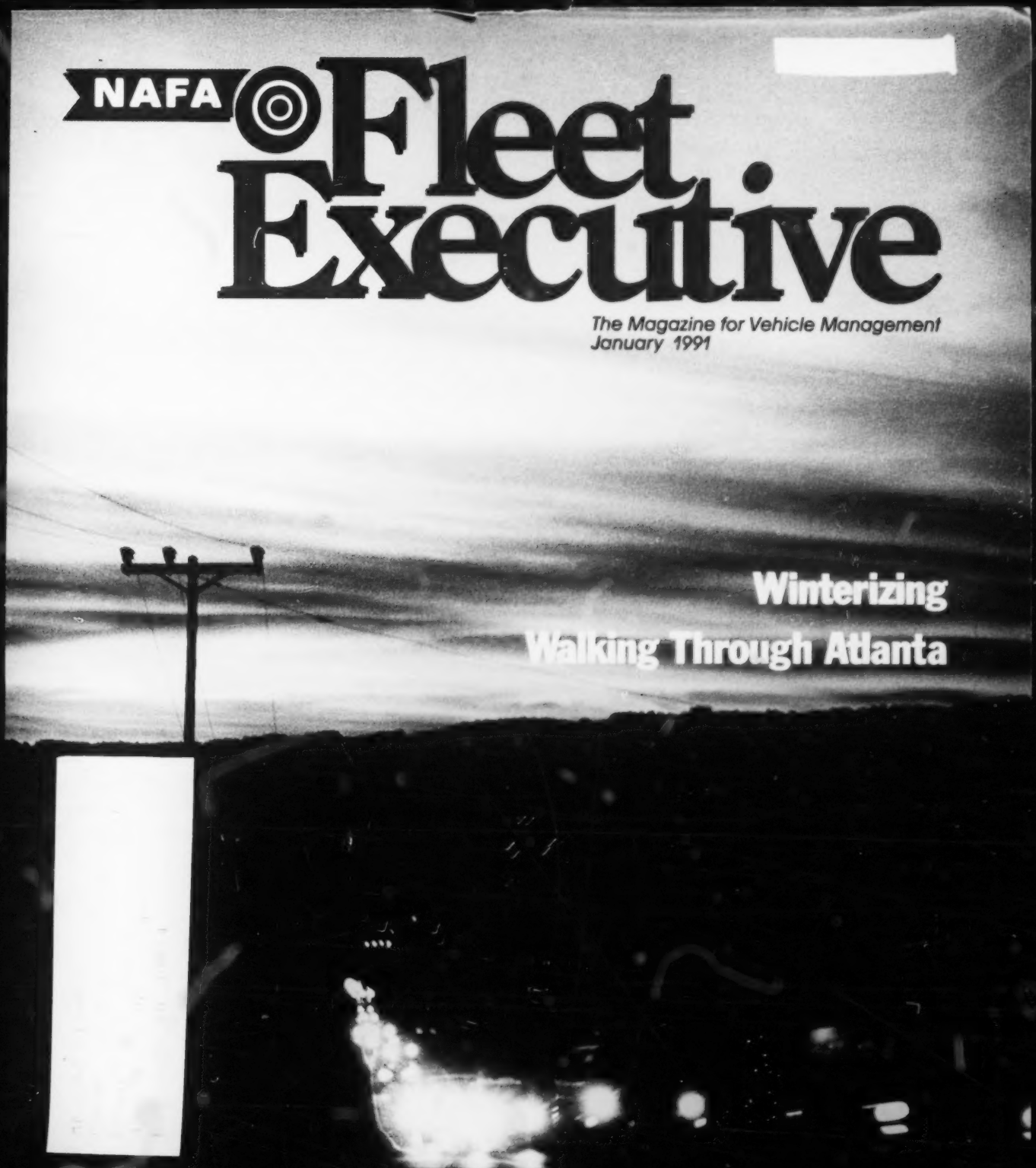
NAFA

Fleet Executive

The Magazine for Vehicle Management
January 1991



Winterizing

Walking Through Atlanta

1990 Used Vehicle Marketing Survey Results

For more than 30 years, the voice of fleet managers across the United States and Canada.

NAFA Fleet Executive

The Magazine for Vehicle Management

Volume 5, Number 1 *January 1991*

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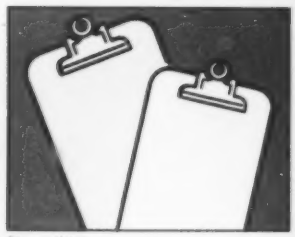
Page 4

Page 8



Page 22

4 **A Walking Tour of Atlanta**
NAFA's Annual Conference Committee would like to be the first to welcome you to their town!

8 **Toyota Welcomes NAFA Chapter**
NAFA's Tri-State Chapter was the first and largest group of auto-related guests to tour this facility.

10 **New Guidelines for Nominating Committee**
New policy encourages more Member involvement.

14 **NAFA Members Recommend to OSHA: Mandate Reasonable Business Driver Training**
Substantial excerpts from the Association's report.

22 **1990 Used Vehicle Marketing Survey Results**
In-depth, industry-by-industry statistics on disposing used vehicles.

32 **Don't Winterize Your Vehicles . . . Winterize Your Drivers!**
Why winterize? Find out here!

34 **Assessment of Costs and Benefits of Flexible and Alternative Fuel Use in the U.S. Transportation Sector**
From a U.S. Department of Energy Report on Electric and Hybrid Vehicles.

DEPARTMENTS

28 Member Profile
30 New Members and Affiliates
43 Faxline Responses
48 Wholesaler-Broker Directory
48 Directory of Auto Auctions
53 Directory of Fleet Car Dealers

NAFA's 1990 USED VEHICLE MARKETING

NAFA's 1990 Used Vehicle Marketing Survey received a total of 163 responses from United States (133) and Canada (30) fleet executives who administer a total of 131,328 vehicles (115,326 U.S., 16,002 Canada). Of those vehicles, 79,725 are company-owned and 51,603 are leased. These fleets are comprised of 75,258 automobiles (57%), 18,883 vans (14%) and 37,187 light duty trucks (28%).

How Long Are Vehicles Kept?

The number of vehicles sold in 1989 in the U.S. was 18,416 and 9,174 in Canada. In a continuation of last year's trend, fleets are driving more miles and for more months before turning their vehicles over. The average number of months and miles on each vehicle in the U.S. was 40 months/73,980 miles for automobiles; 56 months/73,120 miles for vans and 68 months/72,483 miles for light duty trucks. Canadian figures indicated 31 months/88,406 miles for automobiles; 41 months/93,037 miles for vans and 42 months/74,200 miles for light duty trucks.

Replacement Policies

Respondents were asked to provide their actual written replacement policies. The results were averaged and indicated that in the U.S., the replacement policy for automobiles is 42 months/63,100 miles; 54 months/71,500 miles for vans and 62 months/75,600 miles for light duty trucks. The Canadian figures were similar for the number of months, but higher for mileage at 36 months/96,100 miles for automobiles and 50 months/110,250 miles for vans. Replacement policies for light duty trucks in Canada could not be tabulated because there were too few responses.

Dispose or Salvage?

In both the U.S. and Canada, most vehicles were disposed at auctions. In 1989, fleet managers in the U.S. disposed of 8,982 automobiles; 1,315 vans and 1,982 light duty trucks at auctions.

1990 figures indicate that fleets are keeping their vehicles longer, putting more miles on them.

Canadians disposed of 1,397 automobiles and 1,076 light duty trucks at auctions, while the majority (742) of their vans were sold to wholesalers.

A total of 1,466 vehicles were salvaged in the U.S. (791 automobiles, 301 vans and 374 light duty trucks). Canadian fleet managers salvaged 90 automobiles, 8 vans and 4 light duty trucks -- a total of 102 vehicles -- in 1989.

Determining Selling Prices

According to NAFA statistics, 43% of U.S. fleet managers determine selling prices by using a leasing company estimate while 34% use *Automotive Market Report* figures. In Canada, 70% of the respondents indicate that they use the *Canadian Black Book* and 23% use a leasing company estimate.

When asked what percentage of the original price was recovered when a vehicle was sold, 35% of U.S. fleet managers indicated that they got 30-40% for automobiles; 22% said they got 20-30% for vans and 39% got 20-30% for light duty trucks. The figures for Canada indicated that 40% of respondents got 40-50% of the original selling price for automobiles, 28% got 20-30% for vans and 34% got 30-40% for light duty trucks.

Title Transfers, Reconditioning, Changes

Most title transfers in the U.S. (48%) are handled by company staff, while in Canada, 51% are handled by a leasing company. When asked about the frequency of vehicle reconditioning, 36% of U.S. fleet managers responded "never," 31% responded "rarely" and 2% said "always." Forty-three percent of Canadian respondents said "never," 30% said "rarely" and 7% said "always." Reconditioing expenses were low, of course, because of the high percentage of respondents indicating that they do not recondition vehicles. For instance,

SURVEY RESULTS

39% of U.S. respondents indicated that because they don't recondition, their expenses were zero. For Canada, that figure represented 46%.

What changes are our fleet managers planning for the new model year to positively affect vehicle resale? Some will change the optional equipment (32% U.S.), while in Canada, 53% of respondents indicated that no changes are planned.

For in-depth, industry-by-industry statistics, see the charts on the following pages.

continued on page 24

Number of Responding Fleets

Industry Classification	U.S.	Canada
Banking/Finance	3	1
Chemicals & Petroleum	9	2
Communications	2	1
Consumer Manufacturing	6	2
Drugs & Cosmetics	10	7
Electronics	2	1
Food & Beverage	10	3
Government/Law Enforcement	29	5
Insurance	16	1
Industrial Manufacturing	8	4
Public Utility	19	0
Service Organization	3	1
Other	16	2
Total	133	30

How Many of Each Type of Vehicle Was Sold in 1989?

Automobiles/Vans/Light Duty Trucks

	1987 Autos	1987 Vans	1987 LDTs	1988 Autos	1988 Vans	1988 LDTs	1989 Autos	1989 Vans	1989 LDTs	Total 1987-89 Autos	Total 1987-89 Vans	Total 1987-89 LDTs
Total United States	5,273	1,493	1,284	5,041	1,250	935	1,505	826	809	11,819	3,569	3,028
Banking/Finance	117	10	0	71	1	0	80	2	0	268	13	0
Chemicals & Petroleum	26	101	168	13	100	135	6	100	104	45	301	407
Communications	5	0	0	0	0	0	0	0	0	5	0	0
Consumer Manufacturing	635	41	2	249	44	0	12	2	0	896	87	2
Drugs & Cosmetics	642	8	0	420	3	0	1,169	5	0	2,231	16	0
Electronics	245	16	0	129	230	0	10	11	0	384	257	0
Food & Beverage	619	15	74	262	22	74	15	0	0	896	37	148
Government/Law Enforce.	1,263	653	428	1,841	218	211	18	199	199	3,122	1,070	838
Insurance	731	0	0	781	1	0	73	0	0	1,585	1	0
Industrial Manufacturing	346	400	331	333	388	304	11	299	298	690	1,087	933
Public Utility	259	107	128	403	127	99	12	100	100	674	334	327
Service Organization	18	2	2	0	0	0	0	0	0	18	2	2
Other	367	140	151	459	116	112	29	108	108	855	364	371

Marketing Survey Results *continued from page 23*

How Many of Each Type of Vehicle Was Sold in 1989?

Automobiles/Vans/Light Duty Trucks

	1987 Autos	1987 Vans	1987 LDTs	1988 Autos	1988 Vans	1988 LDTs	1989 Autos	1989 Vans	1989 LDTs	Total 1987-89		
Total Canada	**540**	**1,111**	**1,211**	**540**	**1,184**	**1,108**	**1,359**	**1,111**	**1,188**	**Autos**	**Vans**	**LDTs**
Banking/Finance	49	0	0	49	0	0	1	0	0	59	0	0
Chemicals & Petroleum	1	99	100	1	99	6	17	99	99	29	297	205
Communications	0	99	99	0	99	99	1	99	99	1	297	297
Consumer Manufacturing	25	0	10	25	0	2	1	0	0	38	0	12
Drugs & Cosmetics	138	201	297	138	208	297	188	215	297	445	624	891
Electronics	0	99	99	0	99	99	650	99	99	650	297	297
Food & Beverage	30	13	0	30	85	0	6	5	0	70	103	0
Government/Law Enforce.	251	99	111	251	99	110	99	99	99	491	297	320
Insurance	10	99	99	10	99	99	99	99	99	119	297	297
Industrial Manufacturing	14	204	198	14	198	198	99	198	198	129	600	594
Public Utility	0	0	0	0	0	0	0	0	0	0	0	0
Service Organization	1	0	0	1	0	0	0	0	0	4	0	0
Other	21	198	198	21	198	198	198	198	198	226	594	594

Average Number of Months and Miles on Each Type of Vehicle Sold in 1989

	Autos		Vans		Light Duty Trucks	
	Months	Miles	Months	Miles	Months	Miles
All U.S. Fleets	40	73,980	56	73,120	68	72,483
All Canadian Fleets	31	88,406	41	93,037	42	74,200

Actual Written Replacement Policies for Each Type of Vehicle in Fleet

	Autos		Vans		Light Duty Trucks	
	Months	Miles	Months	Miles	Months	Miles
All U.S. Fleets	42	63,100	54	71,500	62	75,600
All Canadian Fleets	36	96,100	50	110,250	*	*

(*) Too Few Responses

How Many of Each Type of Vehicle Was Sold Through Each Method in 1989?

1 = Employees
2 = Auctions
3 = Wholesalers
4 = New Car Dealers
5 = Used Car Dealers

	Autos					Vans					Light Duty Trucks				
	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5
Total U.S.	4,068	8,982	3,252	418	217	722	1,315	622	209	236	1,151	1,982	468	165	394
Banking/Finance	193	174	19	0	2	0	23	0	0	0	0	0	0	0	0
Chemicals & Petrol.	45	51	17	0	111	101	113	106	101	100	106	30	102	43	121
Communications	64	0	6	0	0	0	0	0	0	0	0	0	30	0	0
Consumer Mfg.	387	494	191	7	0	41	37	8	3	0	3	12	0	0	0
Drugs & Cosmetics	576	1,446	725	9	0	110	106	99	100	99	101	108	99	99	99
Electronics	156	264	0	0	0	75	177	0	0	0	0	0	0	0	0
Food & Beverage	394	611	395	11	0	12	0	106	0	0	5	2	54	0	0
Gov't./Law Enf.	380	3,505	699	101	20	112	523	100	3	0	73	777	60	2	0
Insurance	403	439	441	186	45	2	0	2	0	10	1	2	0	0	0
Industrial Mfg.	288	169	338	0	7	85	55	161	0	0	139	24	85	0	10
Public Utility	551	852	26	0	1	143	191	14	2	25	662	753	37	3	121
Service Org.	0	207	329	0	0	29	32	26	0	0	0	28	0	0	0
Other	541	765	66	49	31	12	58	0	0	2	61	246	1	18	43
Total Canadian	739	1,397	528	802	798	481	689	742	693	693	665	1,076	612	607	693
Banking/Finance	77	0	6	6	5	0	0	0	0	0	0	0	0	3	0
Chemicals & Petrol.	17	1	3	0	0	4	2	0	0	0	25	29	15	0	0
Communications	22	10	17	99	99	16	99	99	99	99	4	99	3	99	99
Consumer Mfg.	58	20	11	1	0	3	0	0	0	0	39	0	0	0	0
Drugs & Cosmetics	81	256	246	297	297	105	121	201	198	198	198	198	198	199	198
Electronics	320	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Food & Beverage	33	20	27	0	0	44	13	46	0	0	0	0	0	0	0
Gov't./Law Enf.	19	972	1	0	0	0	142	0	0	0	2	354	0	0	0
Insurance	60	99	99	99	99	99	99	99	99	99	99	99	99	99	99
Industrial Mfg.	24	19	109	198	198	111	114	198	198	198	199	198	198	108	198
Public Utility	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Service Org.	1	0	0	3	0	0	0	0	0	0	0	0	0	0	0
Other	27	0	9	99	100	99	99	99	99	99	99	99	99	99	99

continued on page 26

Marketing Survey Results *continued from page 25*

Percentage of Original Price Recovered from the Sale of Each Type of Vehicle

1 = Less than 10%
2 = 10-20%
3 = 20-30%
4 = 30-40%
5 = 40-50%
6 = 50-60%
7 = 60% and over

	United States							Canada						
	% 1	% 2	% 3	% 4	% 5	% 6	% 7	% 1	% 2	% 3	% 4	% 5	% 6	% 7
Total Automobiles	**5**	**17**	**14**	**35**	**21**	**6**	**2**	**4**	**4**	**12**	**20**	**40**	**16**	**4**
Banking/Finance	100	0	0	0	0	0	0	0	0	0	0	100	0	0
Chemicals & Petroleum	25	50	0	25	0	0	0	0	0	0	0	0	0	0
Communications	0	100	0	0	0	0	0	100	0	0	0	0	0	0
Consumer Mfg.	0	0	0	17	83	0	0	0	0	50	0	50	0	0
Drugs & Cosmetics	0	0	0	57	43	0	0	0	0	0	0	60	40	100
Electronics	0	0	0	0	100	0	0	0	0	0	0	0	0	0
Food & Beverage	0	0	17	50	33	0	0	0	0	50	0	50	0	0
Gov't./Law Enf.	5	26	38	21	0	5	5	0	0	20	20	20	20	0
Insurance	0	0	0	40	20	30	10	0	20	0	100	0	0	0
Industrial Mfg.	0	0	0	50	50	0	0	0	0	0	50	50	0	0
Public Utility	0	46	18	27	9	0	0	0	0	0	0	0	0	0
Service Org.	50	0	50	0	0	0	0	0	0	0	100	0	0	0
	0	9	9	64	18	0	0	0	0	0	0	50	50	0
Total Vans	**9**	**20**	**22**	**18**	**11**	**7**	**13**	**0**	**18**	**28**	**18**	**0**	**18**	**18**
Banking/Finance	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Chemicals & Petroleum	50	0	0	50	0	0	0	0	0	0	0	0	0	0
Communications	0	0	0	0	0	0	0	0	0	100	0	0	0	0
Consumer Mfg.	0	0	0	0	50	50	0	0	100	0	0	0	0	0
Drugs & Cosmetics	0	0	0	0	0	0	0	0	0	0	0	0	100	0
Electronics	0	0	0	0	0	0	100	0	0	0	0	0	0	0
Food & Beverage	0	33	33	0	0	34	0	0	0	0	0	0	0	100
Gov't./Law Enf.	0	29	21	29	7	7	7	0	25	50	25	0	0	0
Insurance	0	0	50	0	0	0	50	0	0	0	0	0	0	0
Industrial Mfg.	0	0	33	0	33	0	34	0	0	0	100	0	0	0
Public Utility	11	33	34	22	0	0	0	0	0	0	0	0	0	0
Service Org.	50	50	0	0	0	0	0	0	0	0	0	0	0	0
Other	14	0	14	14	29	0	29	0	0	0	0	0	0	0
Total Light Duty Trucks	**9**	**16**	**39**	**18**	**16**	**0**	**2**	**11**	**11**	**22**	**34**	**22**	**0**	**0**
Banking/Finance	0	0	0	0	0	0	0	0	0	0	0	100	0	0
Chemicals & Petroleum	0	0	75	0	25	0	0	0	0	0	100	0	0	0
Communications	100	0	0	0	0	0	0	100	0	0	0	0	0	0
Consumer Mfg.	0	50	0	0	50	0	0	0	100	0	0	0	0	0
Drugs & Cosmetics	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Electronics	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Food & Beverage	0	0	0	100	0	0	0	0	0	0	0	0	0	0
Gov't./Law Enf.	0	13	55	13	13	0	6	0	0	40	40	20	0	0
Insurance	0	0	100	0	0	0	0	0	0	0	0	0	0	0
Industrial Mfg.	33	0	33	0	34	0	0	0	0	0	0	0	0	0
Public Utility	0	40	30	30	0	0	0	0	0	0	0	0	0	0
Service Org.	100	0	0	0	0	0	0	0	0	0	0	0	0	0
Other	17	0	17	33	33	0	0	0	0	0	0	0	0	0

Vehicles Salvaged in 1989

	Autos	Vans	LDTs		Autos	Vans	LDTs
Total U.S.	**791**	**301**	**374**	**Total Canadian**	**90**	**8**	**4**
Banking/Finance	28	0	0	Banking/Finance	0	0	0
Chemicals & Petroleum	7	99	8	Chemicals & Petroleum	0	0	0
Communications	2	0	8	Communications	2	1	0
Consumer Manufacturing	29	3	0	Consumer Manufacturing	2	0	0
Drugs & Cosmetics	53	0	0	Drugs & Cosmetics	31	2	0
Electronics	28	13	99	Electronics	5	0	0
Food & Beverage	11	3	25	Food & Beverage	5	1	0
Government/Law Enforcement	395	146	146	Government/Law Enforcement	1	3	4
Insurance	74	0	0	Insurance	48	0	0
Industrial Manufacturing	26	5	3	Industrial Manufacturing	0	1	0
Public Utility	68	28	79	Public Utility	1	0	0
Service Organization	28	3	0	Service Organization	0	0	0
Other	42	1	6	Other	0	0	0

Frequency Vehicles Are Reconditioned Before Being Sold

1 = Always • 2 = Often • 3 = Sometimes • 4 = Rarely • 5 = Never

	United States					Canada				
	% 1	% 2	% 3	% 4	% 5	% 1	% 2	% 3	% 4	% 5
Total	**2**	**8**	**23**	**31**	**36**	**7**	**7**	**13**	**30**	**43**
Banking/Finance	0	0	0	0	100	0	0	0	100	0
Chemicals & Petroleum	0	0	11	33	56	0	50	50	0	0
Communications	0	0	0	100	0	0	0	0	100	0
Consumer Mfg.	0	0	50	0	50	0	0	0	50	50
Drugs & Cosmetics	0	20	30	50	0	14	14	0	43	29
Electronics	0	0	0	0	100	0	0	0	0	100
Food & Beverage	0	10	40	30	20	0	0	33	0	67
Gov't./Law Enf.	4	21	14	25	36	20	0	0	40	40
Insurance	0	6	38	25	31	0	0	0	100	0
Industrial Mfg.	0	0	13	62	25	0	0	25	0	75
Public Utility	6	6	28	22	38	0	0	0	0	0
Service Org.	0	0	67	0	33	0	0	100	0	0
Other	0	0	6	50	44	0	0	0	0	100

Average Reconditioning Expense Per Vehicle

1 = $0 • 2 = Less than $100 • 3 = $101-$300 • 4 = $301-$500 • 5 = $501-$700 • 6 = More than $700

	United States						Canada					
	% 1	% 2	% 3	% 4	% 5	% 6	% 1	% 2	% 3	% 4	% 5	% 6
Total	**39**	**30**	**21**	**6**	**2**	**2**	**46**	**18**	**29**	**7**	**0**	**0**
Banking/Finance	100	0	0	0	0	0	0	0	0	100	0	0
Chemicals & Petroleum	56	33	0	0	11	0	0	50	50	0	0	0
Communications	0	100	0	0	0	0	0	100	0	0	0	0
Consumer Manufacturing	40	20	40	0	0	0	50	0	50	0	0	0
Drugs & Cosmetics	0	25	62	0	0	13	33	17	33	17	0	0
Electronics	50	0	0	50	0	0	100	0	0	0	0	0
Food & Beverage	50	10	10	20	0	10	67	0	33	0	0	0
Government/Law Enforcement	38	35	19	8	0	0	25	50	25	0	0	0
Insurance	31	31	32	0	6	0	100	0	0	0	0	0
Industrial Manufacturing	38	37	0	25	0	0	75	0	25	0	0	0
Public Utility	36	32	32	0	0	0	0	0	0	0	0	0
Service Organization	100	0	0	0	0	0	0	0	100	0	0	0
Other	54	33	13	0	0	0	100	0	0	0	0	0